

MINUTES

of the

PUBLIC HEARING HELD ON

APRIL 29, 2015

THE COUNCIL OF THE COUNTY OF MAUI, STATE OF HAWAII, CONVENED A PUBLIC HEARING ON WEDNESDAY, APRIL 29, 2015 AT 6:04 P.M., IN THE COUNCIL CHAMBER, KALANA O MAUI BUILDING, WAILUKU, HAWAII, WITH CHAIR MICHAEL B. WHITE PRESIDING, FOR THE PURPOSE OF RECEIVING TESTIMONY ON THE PROPOSED REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2015 TO JUNE 30, 2016.

CHAIR WHITE: This Maui Council, County Council meeting, or public hearing on Real Property Taxes shall come to order.

Mr. Clerk, please call the roll.

ROLL CALL

PRESENT: COUNCILMEMBERS GLADYS C. BAISA, ROBERT CARROLL, ELEANORA COCHRAN, DONALD G. COUCH JR., AND CHAIR MICHAEL B. WHITE.

EXCUSED: COUNCILMEMBERS S. STACY CRIVELLO, G. RIKI HOKAMA, MICHAEL P. VICTORINO, AND VICE-CHAIR DONALD S. GUZMAN.

There were two members of the public in attendance.

DEPUTY COUNTY CLERK JOSIAH K. NISHITA: Mr. Chair, there are five Members present and four Members excused. A quorum is present to conduct the business of the Council.

CHAIR WHITE: Thank you, Mr. Clerk. And, judging by the, oh and Mr. Victorino is here with us.

(Councilmember Victorino arrived at 6:05 p.m.)

COUNCILMEMBER VICTORINO: Thank you, sir. Sorry.

CHAIR WHITE: And, judging on the members sitting in the gallery, we probably don't need to remind them to turn off their cellphones.

So, Mr. Clerk, has this meeting been properly noticed?

NOTICE OF PUBLIC HEARING

DEPUTY COUNTY CLERK: Mr. Chair, the Notice of Public Hearing on the Real Property Tax Rates for the County of Maui for Fiscal Year July 1, 2015 to June 30, 2016 was published in the April 17, 2015 and April 22, 2015 editions of the Maui News.

CHAIR WHITE: Thank you.

Members, since the meeting was properly noticed, without objections, we'll proceed with public testimony.

MEMBERS VOICED NO OBJECTION.

CHAIR WHITE: Thank you. Mr. Clerk, please proceed.

DEPUTY COUNTY CLERK: In accordance with Section 3.48.565 of the Maui County Code, the public is invited to provide testimony before the Council regarding the Real Property Tax Rates for the County of Maui for the Fiscal Year July 1, 2015 to June 30, 2016.

We have established limited telephone interactive communication that enables individuals from Lanai and Molokai to provide testimony from our District Offices. Individuals who wish to offer testimony from Lanai and Molokai should now sign up with District Office staff.

Individuals who wish to offer testimony in the chamber, please sign up at the desk located in the eighth floor lobby, just outside the chamber door. When testifying, please state your name and the name of any organization you represent.

Lanai Office, please identify yourself and introduce your first testifier.

MS. DENISE FERNANDEZ: Good evening, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

DEPUTY COUNTY CLERK: Thank you.

Molokai Office, please identify yourself and introduce your first testifier.

MS. ELLA ALCON: Good evening, Chair. This is Ella Alcon on Molokai and there is no one here waiting to testify.

DEPUTY COUNTY CLERK: Thank you.

Mr. Chair, we have two individuals who have signed up to testify in the Council chamber. The first person to testify in the chamber is Bruce Erfer. He will be followed by Nikhilananda.

TESTIMONY

MR. BRUCE ERFER:

Good evening, Council. I'm Bruce Erfer testifying on behalf of myself. And, thank you for coming today for, to hear two of us. I'm here partially to praise you, which is unusual. In that last year for the first time maybe ever, you took the prior year property tax rates and proportionately changed them all the same proportion; quick, simple, totally transparent to everyone.

The, the issue becomes, are the tax rates sensible as they are? And, I don't think we can ever figure that out. There are ten tax rates which probably at least five or six too many. If anybody can ever explain to me why, for instance, the Conservation rate is \$6.06 and the Agricultural rate, as an example, is \$5.86, why there's a twenty cents difference. I don't think anybody can ever explain it. Should there be a twenty cent difference? Who knows.

I did see the numbers that, apparently Councilmember Hokama is proposing in the newspaper, and I see that they're pretty much a proportional decrease across the board with some rounding. I even liked the rounding because it goes to the five cent and, and dime showing that there may not be as much exactness as when something is to the penny. So, I think, I even appreciate that and it's, it's generally, that is then understood that these numbers do have some variance.

But the issue becomes, let me, let me read a short sentence, the taxpayer's desire fairness and equity with respect to property taxes and rates. Knowing that all rates will rise or fall the same percentage not only implies fairness, but also provides a totally transparent process. It may seem too simple, it may seem easy, it may seem inadequate, but it works and it saves a lot of time and your effort. And, and I think everybody understands it. So, I'm here to thank you for that and keep it going year after year.

The second issue I want to bring up, which doesn't have anything to do with rates, I hope I can continue, is for years I've talked about a limitation on the home exemption rate. As you all know, the dollar exemption which we have is in, we also have a percentage rate exemption. There are two parts to our exemption. This is very unusual. I can never find another municipality that does both.

The dollar exemption is very progressive in that those with lower priced homes benefit the most. The percentage reduction exemption is a regressive exemption and it benefits those with a higher priced homes. In other words, those will, those people who have higher valuations, if there's a reduction in the percentage, they will benefit most with that reduction.

We all understand that I think. Why do we do that? Why do we subsidize those with the greatest value homes the most? I have never understood this. If we were to limit it and we could limit it based on, as we did with the circuit breaker, you could limit it based on the value of the building and then also the value of the land. If you wanted to so that those who were land, who had a lot of land, the old families, would not be dinged so much.

DEPUTY COUNTY CLERK: Four minutes.

MR. ERFER: And that's it.

CHAIR WHITE: We'll let you, since there's only two of you, the Chair will be happy to extend you another minute.

MR. ERFER: Okay, thank you.

CHAIR WHITE: Sure.

MR. ERFER: But, but the real issue is we are subsidizing those with the highest valued properties the most and subsidizing the least, those with the lowest valued properties. Is that really what we want to do? We're giving away money that I think we probably need.

And, the person with the ten million dollar house may not need a reduction for all ten million dollars. I mean, it's simply, we could limit it and say okay, we're going to give you the rate for the first two million, a million and a half, whatever it would be, and anything above that reverts back to the residential rate. And, if we wanted to, again, we could separate it into building and land.

DEPUTY COUNTY CLERK: Five minutes.

MR. ERFER: Thank you.

COUNCILMEMBER VICTORINO: Chair.

CHAIR WHITE: Questions for the testifier?

COUNCILMEMBER VICTORINO: Chair.

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. And, Bruce thank you for being here. First question you, you brought up was on how you determine the rounding and, and the percent, and the rates for this year. And, I think some of us did it and I think Mr., even Mr. Hokama. Based upon the increase in value, was the percentage that we try to deal with okay. So, some, some areas the values went where, went up much higher than others so, we try to proportionately do it that way. Rhyme or . . . that's the way we decided to kind of go that way. So, that will give you that answer.

And secondly, I was interested in your, your, your statement about the higher price or the higher valued homes get better percentage breaks than the lower value homes. I tend to agree with that, and one day we need to address that and see how we can change that. Maybe by a different classification, but you've already said we got ten, five too many so I don't know what we need to do there.

MR. ERFER: No, all I'm saying is, is at some point in value--

COUNCILMEMBER VICTORINO: Yes.

MR. ERFER: --you revert back to the residential rate that they would have been paying had they not had the home exemption.

COUNCILMEMBER VICTORINO: I see.

MR. ERFER: So, they're taxed at one rate below two million dollars and another rate above two million dollars.

COUNCILMEMBER VICTORINO: Okay, yea, we'll discuss that. Yea, okay, I got that one. Okay, thank you, Bruce. I appreciate that.

CHAIR WHITE: Any other questions?

Mr. Couch.

COUNCILMEMBER COUCH: Thank you. And thank you, Mr. Chair, for letting him go on a little bit further because he answered one of the questions I was going to ask. You have your, your tax bill every year right? Are you, do you feel that that's a fair level of tax, a low level of tax, and I'm putting you on the spot, Mr. Erfer, or too high?

MR. ERFER: One of the things I've tried never to do with Council is to say taxes are too high or too low. I've tried, I've tried to stay, no and I mean that because I've tried to make a presentation based on, on mathematical logical issues and stay away from the, the politics of too high, too low.

There are a lot of people on this island who feel that they're getting away with very low property tax rates, vis-à-vis other states, other municipalities. I mean, it's not, it's not just states, it's other counties in Maui, I'm sorry, in Hawaii; other counties in Hawaii, of course.

Is it too low? It's certainly too low for those who have multimillion dollar properties.

COUNCILMEMBER COUCH: Thank you, Chair.

CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: I guess I better not ask him this question, but maybe I can get him to say something because of too high and too low. But, I was, I noticed you didn't comment at all on the minimum tax. Anything you want to share with us about that?

MR. ERFER: We got that raised several years ago to, what, what is it two fifty now?

COUNCILMEMBER VICTORINO: Yea.

MR. ERFER: You know, it was, it was one fifty, I think, we got it raised to two fifty. I thought that was pretty good. I, I, I don't--

COUNCILMEMBER BAISA: If you, if you don't want to--

MR. ERFER: No, I don't have much feeling on that. I, there's so much money to be gained on the other end, I think, rather than.

COUNCILMEMBER BAISA: You know, we have large proportion of our people, our homeowners, who are property owners that pay that minimum tax.

MR. ERFER: Yea, I know. I know.

COUNCILMEMBER BAISA: So, it's a concern.

MR. ERFER: Yea, and it, and it should be.

COUNCILMEMBER BAISA: Thank you. Thank you very much for all the effort you put into this every year and ongoing.

MR. ERFER: You're welcome.

CHAIR WHITE: So, and I have a question for you, Mr. Erfer. Was your inference the, that the Conservation rate should be lower?

MR. ERFER: No, it was just an example that, that, here's two rates, what's the logic to one or the other? And, obviously to ag, ag rates apply to a very limited assessment. I mean, the fact that it's ag property, it's assessed was a hundred and fifty dollars an acre or something, I don't know.

CHAIR WHITE: Well, there's actually quite a few parcels that are, that are actually at market value with, with large homes.

MR. ERFER: With, and, and where the ag rate applies?

CHAIR WHITE: Where the ag rate applies.

MR. ERFER: I, I read it was, okay.

CHAIR WHITE: And, and the Conservation rate applies to a lot of, a lot of hotel parcels along Wailea and other areas.

MR. ERFER: No, my, my, it wasn't specific to those issues. It was specific to why is one rate a little bit more than the other. I mean, is there rationale to it? And, I'm not faulting anybody. I'm, I'm just saying that I don't think we should spend an unbelievable amount of time trying to determine what one rate vis-à-vis the other should be because I don't think you really can without really going through the whole thing from scratch, which--

CHAIR WHITE: Right.

MR. ERFER: Answer your question?

CHAIR WHITE: In itself was a challenge.

MR. ERFER: Yes, I know. I know.

CHAIR WHITE: Well, thank you very much for being here.

MR. ERFER: You're welcome. You're welcome.

CHAIR WHITE: Any other questions for Mr. Erfer? Seeing none, thank you very much.

Mr. Clerk.

DEPUTY COUNTY CLERK: The next person to testify is Nikhilananda. He's the last individual who has signed up to testify in the Council chamber.

CHAIR WHITE: And, we'll be happy to give you the same five minutes, Mr. Nikhilananda.

MR. NIKHILANANDA:

Good evening, Mr. Chair and Members of the County Council. My name is Nikhilananda. I'm a 29-year resident of Maui County. For the last 18 years, I've lived in Huelo. I want to thank you for the opportunity. You don't see me in front of this body very much and I appreciate an evening meeting.

I want to first put on the record that Bruce and I, I think we've met a couple times but I did not talk to him. I thought his testimony, he was taking it out of my head so I'm going to just, those of you who've seen me testify at the budget hearings out in public know that. So, I so appreciate, I've been a broken record.

And, the County Clerk asked me something outside, he said oh, we don't see you much. It's because so often I testify and I can count maybe on one hand the number of suggestions over the years, whether it's my tennis courts in Haiku or the next thing I want to talk about, it just gets ignored and not looked at.

And, Councilmember Victorino, I'm glad you asked that question. Tiered rates, I've been a broken record for years talking about tiered rates. And, Bruce said it even better than I have, exactly if you take ten percent off a trillion dollar house and ten percent off a fifty thousand dollar house, or it's, it's somebody's salary, think of the difference. It's not equal. And, it's absurd that all these years these twenty million dollar houses pay the same rates.

Now, Council Chair White, you brought something else up. We have all of these gentlemen estates, ag subdivisions with rules saying that you can't do ag, and yet what are they charging their rates? So, it's your responsibility. And every time I hear the Councilmembers saying, oh we have a hard job, we have a. No, you guys ran for office, won, this is your job, that's why you're paid the big bucks to figure this out already. It's time we redo the property tax rates.

You know, the people that have been involved with COMET for years have brought up all of these issues about people losing their homes because someone tore down a plantation house, built this giant house, and then they couldn't afford it because of the taxes. By the way, just on the side, it used to be \$60.00 the minimum, then it went up to two fifty. And, yes, it's a minimum rate and so that's what people can pay, the minimum rate.

But, the tiered rates, how much money are we losing? Now, there's so many other issues about, you know, where do we get our money? And, I appreciate that Councilmember Hokama said that we don't get anything for free. So, his proposals to cut the budget about fifteen percent or a little bit more of what's been offered.

And the things that are being cut are services that people will enjoy in the future, like the tennis courts that I won't see in my lifetime, but the people in the, in the future, maybe would have taken advantage of that. So, when we're going to build some item like a sports complex or something, that's for people in the future.

Okay, back to the money. Where do we get our money? Where does the government get its money? Where do you guys get your salary? I'm paying your salary. That's why a lot of people in the community always say, hey, you guys work for me and that's true. How many people are in the Administration? How many assistants does he have? Twenty, twenty-five? And, yet we hear talk about

affordable housing and homeless. And how many people are assistants in his office that are working on homelessness? Back to the tax rates. That's where the money comes from.

All of the issues I brought up when you guys came to Haiku this year. Thank you for coming to Haiku and not Paia. Nothing against Paia, but that I live a little closer to Haiku. All those issues, and I gave you the list and there's a whole laundry list. And, they get ignored every year, get ignored every year, get ignored every year. It's sad.

But, I so appreciate Bruce's bringing up the same issue that I schlepped all the way into town for because I'm so passionate about this. And, then what happens? We need money to pave the roads, to keep the parks going, whatever the issues are the money comes from the taxes and property taxes or services or fees and all of those things. But, we could make the tax code so much fairer and we don't. We stick it to the lowest people, the low people, lower income or working class, or whatever it is.

And on that note, I do have to put a plug, I cannot believe that this Council might possibly raise the fee on the Maui Bus. How can you even consider doing that? Those are the most vulnerable people who don't have cars, who use the bus. There's not a single transportation system in this country that isn't subsidized. So, that's where you cannot raise, not a penny. And, I don't, ride the bus. It's not convenient for me but I'm such a supporter of it. And, I think former Councilwoman Jo-Ann Johnson's done a great job. It doesn't come out to where I am.

But, anyway do not--

DEPUTY COUNTY CLERK: Five minutes.

MR. NIKHILANANDA: --raise the rate on the fee on the bus.

And, tiered property taxes, he explained it and I'm sure you understand that. A twenty million dollar house may be up to two million, one mil, million, five million, and you do it. And, I'm not saying, but people . . . if it's five cents per thousand, so someone's paying a couple of hundred dollars more, but that adds up. Anyway, so thank you for the extra time--

CHAIR WHITE: Thank you very much for coming.

MR. NIKHILANANDA: --Council Chair White.

CHAIR WHITE: Members, questions?

Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair and thank you, Nikhilananda for being here. When you talk about tiered rates, which I wholeheartedly agree, are you talking about just the homeowner rate or any other of the classifications we have?

MR. NIKHILANANDA: Well, you know, thank you for asking that because I was thinking, okay, how would it affect the other rates. So, where there's, you know, buildings, cause I think the land I feel a little different, but I'm not in the position like you guys are. So, when you say that, of course, I'm concerned about the homeowner. I own my home. Then there's residential, there's, you know, unbuilt up land, so, so basically I'm sticking with the value of the house.

COUNCILMEMBER COUCH: Okay.

MR. NIKHILANANDA: You know, cause again my land is per acre. And by the way, my property tax, my, my value of my house, my assessment went down. All these people that said to me, I cannot believe it went down, not very much, but it went down. The land went down a little bit. I cannot believe it in Huelo. So--

COUNCILMEMBER COUCH: You probably need, you probably need to paint your house a little bit more I guess.

MR. NIKHILANANDA: Excuse me? No, no the house stayed the same. The house went up, the land went down. But, I mean, people are saying like how the assessments have gone up. So, I want that on record, mine actually went down, not much, not a lot, I think it was eighteen thousand dollars. But, I can't believe it. You know, I'm not planning on selling it but, you know, it went, went down a little bit.

But, again, you know, I went off on a little, specifically yes, you guys look at that. But, I don't think, if I'm wrong, that this has been addressed at all, of really looking at the proposals that COMET made outside of the circuit breaker. That was great. That really saved people. But, something is off when we have a \$20 million house assessed at, is it seven-twenty, and a house that's fifty thousand or, there's no fifty thousand, it's not even, I mean mine's even more than that, you know.

So, anyway, that's, but again I really want to thank Bruce cause I'm listening to him and I'm, in Yiddish they say . . . I'm going, oh my god, this is, that's exactly what I

came here to talk about. So, thank you, Don. It's nice to see you instead of just listening to you on the radio.

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. And, thank you, Nick for being here. And, and the tiered program, you know, I also agree. And, and, and you know, it was funny yesterday I was with someone who told me that in Europe, and I'm going to say Sweden, Denmark, one of those Scandinavian countries, when you get caught speeding they figure your ticket based on your income.

So, this what the, why the subject came up, he was telling me this gentleman had gone twenty miles over the speed limit and had to pay a \$55,000 fine. And, that's not the record. The record in that country was \$104,000. It's all based off your income. Something like what you're talking about.

And, I think, you know, you, I heard that last night. This guy was telling me the story and I'm like, whoa. And, now you talk about tiered and what, maybe that's the way, route we need to go. I don't know if the Council has the, the . . . to do it. But, I'd be interested in looking at that; a tiered program where a ten million dollar house is a different than my house which is worth less. But, by the way, my house went up so I'm sorry, I'm paying more this year. But, life is that way.

MR. NIKHILANANDA: Right. Everybody is saying, I mean, I heard that someone testified at the Haiku Community Association meeting, their house went up \$600,000.

COUNCILMEMBER VICTORINO: Wow.

MR. NIKHILANANDA: I hadn't gotten my assessment yet, and then I went up to the, cause my post office in Makawao, that's always a confusion for people. I went up there and got it and I said, what look like it went down.

So, and by the way, I just want to clarify one thing, Councilmember Victorino what you said, it's not across the board. I'm talking about like when someone has a twenty million dollar house, I'm not saying as Bruce mentioned about what is the, you know, one to two million, two to five, five to ten, that's for you guys to come up with. But, that it's tiered. And, how much five cents, ten cents, I'm not saying again, I'm not asking to stick it to people, but again, the, we can get more money from people who can more afford it.

Look at the Lexus's on the Maui. You know, this is the only place in the country that Lexus, Jaguar, and BMW are the top, three of the top ten cars. There are a lot of people here that are rolling in dough and there's other people struggling. Don't stick it to the people riding the Maui Bus.

COUNCILMEMBER VICTORINO: Well, again, the, the moral of that story was you're paying proportionately the . . . you pay. If you made five thousand dollars a year or five million dollars, you know, using that example, the . . . is identical percentage wise. And, that was the whole theory behind of that.

MR. NIKHILANANDA: Right.

COUNCILMEMBER VICTORINO: And the poor guy doesn't get stick with a fifty dollar fine, and me who might be filthy rich get the same fifty dollar fine.

MR. NIKHILANANDA: Right.

COUNCILMEMBER VICTORINO: That's not how they do it.

MR. NIKHILANANDA: That's the argument just to put a little note, birdy in your ear. That's the argument about flat tax that crosses our country. You hear that by certain political, flat tax, flat tax. And, I see he's ready to bang the thing, so I'm out of here.

CHAIR WHITE: We're getting a little, we're getting a little off kilter.

COUNCILMEMBER VICTORINO: Yea, sorry, Mr. Chair. Okay, I'm done.

MR. NIKHILANANDA: Right, it's his fault. Never mind. Okay.

CHAIR WHITE: I want to thank you very much--

MR. NIKHILANANDA: Thank you.

CHAIR WHITE: --for coming this evening.

COUNCILMEMBER BAISA: Chair.

CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: Yea, thank you very much, Chair. And, thank you, Nicky for being here. A couple of things, first of all, I want to make clear that the budget that is

being discussed is the Chair's budget. It's his first draft of the Chair's budget. The Council doesn't have a budget yet.

MR. NIKHILANANDA: Oh, thank you, if I misspoke. It's true.

COUNCILMEMBER BAISA: No, I think it's important because we heard it several times today. What is on the table now is the Chair's draft of his first budget. And then we're going to tweak and play with it and eventually we'll come up with a Council proposal. So, that was number one.

MR. NIKHILANANDA: No, and thank you actually for clarifying that cause I had that in my head and then I misspoke. So, thank you.

COUNCILMEMBER BAISA: Cause we don't all--

MR. NIKHILANANDA: Right, right.

COUNCILMEMBER BAISA: --you know, put that out, he does.

Okay, the other thing is, talking about reviewing rates. I am in my fifth term, as you know. And, every year during the budget, I beg to have a review of the tax situation. And, Mr. Erfer can, can verify this cause I've talked with him since I got here. And, I still have to have that done. I would like to have that done.

I'm not saying that our, our system is no good. I think we need to spend some time really looking at it, discussing it with the community and seeing is there a better way. But, maybe I'll see it before I leave and maybe not. But, know that I've been trying.

On the bus fares, we discussed that today. We had the opportunity to bring the Department of Transportation and they gave us really good reasons about, and their concerns about the Chair's proposal. So, nothing's been decided. And, we are very sensitive. We want to make sure that our bus system is available to take care of our people.

We also are very concerned, because it's a very expensive situation as you know. And, you, you're well-read so I know you know that most bus systems in the country are very heavily subsidized because they are expensive to run.

But they are also, one of the, you know, when I was at MEO we surveyed the community on a regular basis annually and asked what is your biggest need. And, it came back every time; mobility and access. We gotta have a way to get where we're going and not everybody can afford a car.

So, you know, we may have to figure out how to get some money and maybe the bus passes, and how much we charge, different groups have to be looked at. But, we're very concerned. And, I don't think any of us want to, in any way, hurt the people that are suffering that, you know, will suffer if we raise it.

MR. NIKHILANANDA: All right. No, thank you for your comments and thank you for the clarification.

CHAIR WHITE: I'm going to, I'm going to, I'm going to have to stop it there because we, this is on RPT rates, not on other issues, but I appreciate--

COUNCILMEMBER BAISA: You know, I just wanted you to know that.

CHAIR WHITE: But, I appreciate.

MR. NIKHILANANDA: Thank you.

CHAIR WHITE: I appreciate your sharing and I also appreciate Ms. Baisa's--

MR. NIKHILANANDA: Thank you, Mr. Chair.

COUNCILMEMBER BAISA: Thank you, Chair.

CHAIR WHITE: And, with that, we'll bring public testimony to a close. Unless you need to go to the District Offices.

DEPUTY COUNTY CLERK: Yea, Mr. Chair, we'll check in with the District Offices but we're not actually closing public testimony tonight because this meeting will be recessed.

CHAIR WHITE: That's right.

DEPUTY COUNTY CLERK: But, we'll check in with the District Offices first.

Lanai Office, are there any additional testifiers?

MS. FERNANDEZ: There is no one waiting to testify at Lanai.

DEPUTY COUNTY CLERK: Thank you.

Molokai Office, are there any additional testifiers?

MS. ALCON: There is no one here on Molokai waiting to testify.

DEPUTY COUNTY CLERK: Mr. Chair, there are no other individuals in the District Offices nor the chamber who wish to offer testimony.

CHAIR WHITE: Thank you very much. My understanding is that we have received no written testimony.

DEPUTY COUNTY CLERK: Yea, we have not received written testimony.

CHAIR WHITE: Okay, thank you.

There being no further testimony to receive this evening, this Real Property Tax Rates hearing or meeting, public hearing on property tax rates will be recessed to Friday, May 15, at 11 a.m. in the Council chamber.

MEMBERS VOICED NO OBJECTION.

COUNCILMEMBER VICTORINO: Or you can just recess.

CHAIR WHITE: So, this public hearing is now in recess.

THE COUNCIL PUBLIC HEARING OF *APRIL 29, 2015* WAS RECESSED BY THE CHAIR AT 6:32 P.M., AND WAS RECONVENED BY THE CHAIR ON *MAY 15, 2015* AT 11:01 A.M.

CHAIR WHITE: Council of the County of Maui public hearing on Real Property Tax Rates will reconvene.

Pursuant to Subsection 3.48.565(B) of the Maui County Code, the Council of the County of Maui held its first public hearing on Wednesday, April 29, 2015, on the proposed Real Property Tax Rates for the County of Maui, effective July 1, 2015. The purpose of this reconvened public hearing is to consider the proposed resolution entitled "ADOPTING THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI, EFFECTIVE JULY 1, 2015".

Mr. Clerk, please call the roll.

ROLL CALL

PRESENT: COUNCILMEMBERS GLADYS C. BAISA, ELEANORA COCHRAN, DONALD G. COUCH JR., S. STACY CRIVELLO, G. RIKI HOKAMA, MICHAEL P. VICTORINO, AND CHAIR MICHAEL B. WHITE.

EXCUSED: COUNCILMEMBER ROBERT CARROLL AND VICE-CHAIR DONALD S. GUZMAN.

There were 8 members of the public in attendance.

COUNTY CLERK DENNIS A. MATEO: Mr. Chair, seven Members present, two excused. A quorum is present to conduct the business of the Council.

CHAIR WHITE: Thank you, Mr. Clerk.

Was this public hearing published?

COUNTY CLERK: Mr. Chair, notice of this reconvened public hearing on the proposed Real Property Tax Rates for the County of Maui effective July 1, 2015 was published in the May 7 and May 10 issues of the Maui News, respectively.

CHAIR WHITE: Thank you, Mr. Clerk.

Please proceed with public testimony.

COUNTY CLERK: We have established limited telephone interactive communication that enables individuals from Hana, Lanai, and Molokai to provide testimony from our District Offices. Individuals who wish to offer testimony from Hana, Lanai, and Molokai, should now sign up with the District Office staff.

Individuals who wish to offer testimony in the chamber, please sign up at the desk located on the eighth floor lobby, just outside the chamber door.

Testimony on all locations is limited to the item listed on today's agenda. And, pursuant to the Rules of the Council, each testifier is allowed to testify for up to three minutes, with one minute to conclude, if requested. When testifying, please state your name and the name of any organization that you represent.

COUNTY CLERK: Hana Office, please identify yourself and introduce your first testifier.

MS. DAWN LONO: Good morning. This is Dawn Lono at the Hana Office, and there is no one waiting to testify.

COUNTY CLERK: Thank you.

Lanai Office, please identify yourself and introduce your first testifier.

MS. DENISE FERNANDEZ: Good morning, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

COUNTY CLERK: Thank you.

Molokai Office, please identify yourself and introduce your first testifier.

MS. ELLA ALCON: Good morning, Chair. This is Ella Alcon on Molokai, and there is no one here waiting to testify.

COUNTY CLERK: Thank you.

Mr. Chair, we have three individuals who have signed up to testify in the Council chamber. The first person to testify in the chamber is Marion Dozier, to be followed by Ryan Nobriga.

TESTIMONY

MS. MARION DOZIER:

Good morning. Please don't start the machine yet. I, I, I'm a little bit difficult seeing. I've made myself a note of what I would like to say. But, before I, before the clock starts turning, give me a few minutes to get myself together. I need my partner here because I, I need his help in walking because I, I don't see anything from this eye. And, from this eye I don't see below a person's chest. So, it makes a little bit difficult getting around. But, my good buddy here for 70 years we've been married, it's okay, I'm 90 and he's 88.

So, what I would like to tell you, I wrote down so I didn't forget anything. When we read about the new property tax rates and received a notice of our new assessment,

we were shocked to find the house tax would remain the same. But the land assessment which has not grown since we purchased the home in 1984 is being increased.

We had the house as rental property and for about five years, we, which we, while we were still living in Maryland, we visited at least once a year before we retired and moved to Maui in 1989. At that time, we had a room added and the house was reassessed. And, here is the copy of the addition that we made to the house, the, the blueprint and everything. So, it was properly handled and it was reassessed at that time.

However, I, I tried to call two of you to ask questions, but one was off-island and the other did not return my call. So, can anyone explain what is the reasoning behind this increase? The assessment notice said we would, could call their office if we had questions, but it would be a \$95 charge for them to take the call.

I'm 90 years old with no driver's license due to major eye problems and my husband cannot drive after dark, so we do appreciate you having this morning meeting. When I told my doctors and some of my neighbors that I was coming here today, they were very happy because they all work and couldn't make the meeting. So, I just wanted to let you know, I do have support behind me.

So, what I'm, I'm asking is why? Why the increase in my tax base? The land didn't grow. Can someone explain.

CHAIR WHITE: Ms. Dozier, we normally don't answer questions. We're here to listen to your testimony. But, I do note that your land valuation is actually about half as much as it was about seven or eight years ago. It was up to 489,000, it's now 221,000.

MS. DOZIER: Oh, my time is up.

CHAIR WHITE: Please, please proceed with your testimony.

MS. DOZIER: In 2014, the taxable amount was 174,000. In 2015, it's \$221,900. There's a difference of \$52,900. So, at no time did the land grow. The house didn't change, but the land assessment has changed.

CHAIR WHITE: Thank you. You may, you may have one more minute if you, if you need.

MS. DOZIER: Well, can someone tell me? Can somebody have a, an answer for me? Why?

CHAIR WHITE: The value of your land today, for 2015, is the same as it was in 2011, \$221,000.

MS. DOZIER: It was, the land value--

CHAIR WHITE: If you can--

MS. DOZIER: --in 2014--

CHAIR WHITE: If you have other--

MS. DOZIER: --the land value was 187,400 and in 2015 the land value is 221,900.

CHAIR WHITE: Yea, it's, it's based on sales of properties near yours. So, if they're--

MS. DOZIER: But we're not selling our house.

CHAIR WHITE: No, we understand that. But, that's, that's based on--

MS. DOZIER: I, I think that's a crime. I think that's robbery with, without a license. I really do. We're not selling our house. We, we plan to live in it until we die. And, and we've left it in trust to our son and he lives in Virginia. So, you know, we're, we're not gaining anything.

We have spent money to have the house remodeled. We had a room added. Here's the plans when we had the room added. We had it, we added on 9-29-89. And, and I had the architect's plan of everything that was added. And, then at that time, it was reassessed. But, nothing's been done to it. We haven't grown any new land and that is not right. That is robbery without a gun in my opinion.

I do want to thank you. I appreciate you guys and ladies having this meeting in the daytime because I don't drive and my husband cannot drive at night. So, we do not go out after dark, we have to be home. We don't even go to our community association meetings anymore because of that. So, I appreciate you having this meeting in the morning even though we had to come over here.

So, I, I really think, my younger sister keeps asking me, when are you guys going to admit you made a mistake and come home to Baltimore? And, I tell her Sonya, I am home and this is where I plan to live until I die and we are going to be cremated. And, when our, when we're both gone our instructions are our ashes will be sprinkled

on the ocean. And, my sister is upset because she lives near the Chesapeake Bay and she's afraid we're going to come floating over to the Chesapeake Bay.

So, thank you for your attention. Thanks, but I.

CHAIR WHITE: Thank you very much for your testimony this morning.

MS. DOZIER: Did everybody in the whole County get their land reassessed?

CHAIR WHITE: Yes, it's reassessed each year.

MS. DOZIER: Well, like I say that's robbery without a gun. Thank you for listening.

CHAIR WHITE: Thank you, Ms. Dozier.

Mr. Clerk.

COUNTY CLERK: The next individual to testify is Ryan Nobriga, who will be followed by Tom Croly.

MR. RYAN NOBRIGA, WESTIN KAA NAPALI OCEAN RESORT VILLAS:

Aloha, good morning, Councilmembers. My name is Ryan Nobriga, I'm the Hotel Manager at the Westin Kaanapali Ocean Resort Villas. I am here in place of Angela Nolan, our General Manager. Unfortunately, Ms. Nolan could not be here today. I have submitted copies of her, written testimony, however.

As reflected in Ms. Nolan's testimony, I would like to address the large disparity in taxation between timeshares versus all other categories in Maui's real property tax revenue budget.

We ask the Council to recognize the contributions that full service timeshares make to the community. Full service timeshares, like the Ocean Resort Villas, provide good stable jobs, opportunities and sustainability, and are no more of a burden on County infrastructure than any other resident or visitor.

The Council can achieve this by creating a sub-classification in the Hotel/Resort real property tax category under which full service timeshare properties may qualify. With this solution, Maui can maintain its existing higher real property tax rate for timeshares that do not contribute to the local economy. And, at the same time,

acknowledge timeshare properties that are invested members of Maui's community and economy.

Full service timeshares, like the Ocean Resort Villas, provide owners with accommodations and amenities in a resort setting. At our resort, owner and guest amenities include a spa, pools, fitness center, and tennis courts, front desk and valet services, as well as a Kids Club program. However, the public also enjoys our full service restaurants, banquet and event functions, and a market and general store.

More importantly, we are absolutely committed to being excellent neighbors and community members. For example, over the past five years, we have reduced our electric consumption by nineteen percent and water consumption by eighteen percent. We also provide over fifty percent of our own electric power, which further reduces demand on Maui electric grid.

Our shuttle system, which provides transportation for our owners from the resort to various locations, including Lahaina, takes about 300,000 cars off Maui roads every year.

Additionally, we receive our food, beverage, and supply deliveries on a daily basis from many vendors on Maui.

All resort tours and activities use local businesses as well. In fact, almost one hundred percent of our business operational expenses come from operations based in Hawaii.

Furthermore, our owners and associates volunteer for a variety of community organizations; including, the Maui Charity Walk, Relay for Life, Malama Honokowai, Malama Kaheawa, Maui Food Bank, as well as Habitat for Humanity and the Make a Wish Foundation.

We also provide guidance, support, education, and career path information to Maui children and young adults.

Despite these significant contributions, we have been mischaracterized and unfairly penalized with the highest real property tax rates on Maui and in the State of Hawaii. For that reason, I urge the Council to take our suggestion to create a sub-classification for full service timeshare properties. Thank you. Mahalo for your time.

CHAIR WHITE: Thank you, Mr. Nobriga.

Members, any questions for the testifier? Seeing none, thank you for your presence this morning.

Mr. Clerk.

COUNTY CLERK: The next individual to testify is Tom Croly, to be followed by Rick Medina.

MR. TOM CROLY:

Aloha, Council. Tom Croly, speaking on my own behalf again today. As you well know, I don't feel that our structure of our, of our property tax rates is fair. And, I hope that you will discuss that outside of budget and kind of decide whether or not the way that we assess our taxes is correct.

However, I do stand in support of the proposed rates for this year. What I like about this year's rates is that all the categories are paying a little bit more after the assessment times the rate is, is calculated. And, it's fair that, you know, when the burden goes up, it goes up by, for everyone.

I will point out that this year it's the commercial category that is getting hit the hardest. Last year, it was the hotel category. The timeshares are always hit very hard proportionately. But, you know, each year it's going to be some different group that gets, that gets hit harder. This year it's the commercial category because values in the commercial category, land values have gone up dramatically. So, I can understand someone in the commercial category not being happy.

\$6.21 per thousand that would be your tax rate if it was flat, meaning all categories pay the same. It would be \$6.21 per thousand. I think it's important for you to take note of that and take note whether or not that number is trending upwards or downwards through the years.

It started, as you guys well know, in the mid-80's at \$4.50 per thousand and now we're up to \$6.21 per thousand. That number should stay fairly stable because the increase in values should be keeping up for the inflationary cost and the, and the cost for expanding government. So, when we see that number continuing to grow, that should be of concern, that \$6.21.

Now, whether someone pays less than \$6.21 or more than \$6.21 is a policy decision. It's a policy decision for you guys to hash out here. Is it right for timeshares to pay \$14 and whatever it is and homeowners to pay \$2.70? That's for you guys to decide. And, I hope that you do have that discussion sometime outside of budget.

I will also point out that in the rates that you're considering today, it shows a rate for land and a rate for building. But, traditionally, we've kept those two rates the exact same. I believe that some better fairness can be established in our taxation if we take a look at setting different rates for land and building. Your land rate is supposed to be based on what can you do with this land. What are, what are the rights given to you by zoning for this land?

The building value, or the building rate, might be based on what are you doing with this building, okay. If you're using the building for exclusively your home, then maybe you wanted to give a lower rate on, on the building value for someone using it exclusively for their home. If you're using it for a vacation rental purpose, perhaps it's a different rate for that. But, the land underneath it maybe should stay the same if they're in the same zoning and have that same, those same uses.

So, those are just some thoughts for when you do get into the discussion of, of how to equalize the different categories. Thank you for your consideration.

CHAIR WHITE: Thank you, Mr. Croly.

Members, questions for the testifier? Seeing none, thank you very much.

Mr. Clerk.

COUNTY CLERK: The next testifier is Rick Medina.

MR. RICK MEDINA:

Aloha, Council, Mr. Chairman.

CHAIR WHITE: Good morning.

MR. MEDINA: It's nice to see you folks again. All happy faces knowing full well that you're going to reduce our property taxes and water rates. But, if you're going to do something with, did I say who I was? I'm Rick Medina, I'm sorry.

CHAIR WHITE: Thank you.

MR. MEDINA: Our family doesn't mind if you increase the real property tax rate. But, please lower the water rate so that at least we can continue to water our lawns, especially too if water rates have anything to do with the sewer rate. The more water we use, the higher our sewer rate goes. Is that still correct? No, okay.

As we get older, on retirement pensions, things seem to go up except our pensions. So, we have to cope with the rising cost of living which I understand the cost of living in Hawaii and on Maui is about third ranked in the, in the nation. Something has to be done. I think you guys would leave a legacy, a great legacy if somehow you were able to reduce the cost of living in the State of Hawaii and especially Maui. We've never done that. When I was on the Council we didn't do that.

But, as costs go up, and I've been retired twenty years now living on pension, cost keep going up but my pension remains the same except for possibly a one or two percent increase which I see once in a while. But, it, the cost of living continues to rise in Maui and the State of Hawaii.

I don't think any legislative body has ever looked at this issue as whether or not we can reduce the cost of living without losing the efficiency of government. But, that's something that you folks must do because in your comfort zone it's improved when you raise the taxes and get more revenue. But in our comfort zone, it's, it's lowered when you do raise the cost of living for us.

So, also, I think the major point that I'd like to make today is that water development should be at the cost of government. You pass the cost on to the developers and to individual homeowners and you very seldom see developers building anything because the cost of water and development is so high.

I read in the paper the other day that only one affordable home was built in the last six months, last six years. Is that true? Somebody told me that was Alice Lee's stat. I'm not sure if it was. But, I read it in the paper and I assumed it was the Council's determination.

I know you folks are doing a good job. I've been here before and I know what it's like to do what you have to do. But, if you can do something like reduce the cost of living, you would be a first in the nation to do that simply because when we adopted the circuit breaker law, we were the first county in the nation to adopt such a bill. We based your taxes on your income, not on the value of your land.

Thank you very much for this opportunity. Hope to see you again on television. Bye.

CHAIR WHITE: Thank you, Mr. Medina.

Members, any questions for the testifier? Seeing none, thank you for being here this morning.

Mr. Clerk.

COUNTY CLERK: Mr. Chair, Mr. Medina was the last individual who has signed up to testify in the chamber. If there is any additional individuals in the Council chamber or in the District Offices who would like to offer testimony, please identify yourself to the appropriate staff and proceed to the testimony lectern or District Office phone at this time.

Hana Office, are there any additional testifiers?

MS. DAWN LONO: The Hana Office has no one waiting to testify.

COUNTY CLERK: Lanai Office are there any additional testifiers?

MS. DENISE FERNANDEZ: There is no one waiting to testify on Lanai.

COUNTY CLERK: Molokai Office are there any additional testifiers?

MS. ELLA ALCON: There's no one here on Molokai waiting to testify.

COUNTY CLERK: Mr. Chair, there's no other individual in the District Offices nor the chamber who wish to offer testimony.

CHAIR WHITE: Thank you, Mr. Clerk.

Has written testimony been submitted?

COUNTY CLERK: Mr. Chair, we have received written testimony.

CHAIR WHITE: Thank you.

Members, if there are no objections to receiving the written testimony into the record?

MEMBERS VOICED NO OBJECTION.

CHAIR WHITE: So ordered.

THERE BEING NO OBJECTION, WRITTEN TESTIMONY RECEIVED
FROM THE FOLLOWING INDIVIDUALS WERE MADE A PART OF THE
RECORD OF THIS PUBLIC HEARING:

1. Angela Nolan, Westin Kaanapali Ocean Resort Villas;
2. Pamela Tumpap, Maui Chamber of Commerce;
3. Bruce Erfer; and
4. friscodog@cox.net.

CHAIR WHITE: Mr. Clerk.

RESOLUTION

RESOLUTION
NO. 15-52

ADOPTING THE REAL PROPERTY TAX RATES
FOR THE COUNTY OF MAUI,
EFFECTIVE JULY 1, 2015

CHAIR WHITE: Mr. Hokama.

COUNCILMEMBER HOKAMA:

CHAIRMAN, I MOVE FOR THE ADOPTION OF THE
PROPOSED RESOLUTION.

COUNCILMEMBER VICTORINO:

MR. CHAIR, I SECOND THE MOTION.

CHAIR WHITE: We have a motion from Mr. Hokama and a second from Mr. Victorino.

Mr. Hokama.

COUNCILMEMBER HOKAMA: Chairman, your Committee worked very long and hard. It did its due diligence and in their performance of their duties and responsibilities regarding the Fiscal Year 2016 Budget and the impact of real property taxation. I appreciated the testimony presented here.

The County has, we have approached real property taxation in the manner of mass appraisals and adjustments on annual basis on valuation for scores of years. This is not a new system. Yes, it's not a perfect system. We would all come to recognition of that, Mr. Chairman.

But, we have tried in this budget to make appropriate adjustments that we can within a annual budget presentation. I would say from our testimony, yes, this, your Budget Committee would need to do further review of the tax rates and the consideration of either structure and building to be separate, but also the more key component of how it ties in to actual land use approvals and zoning regarding taxation structure.

So, I for one look forward to the Council's moving forward in our complete review of our structure and including zoning categories for the near future, Chairman. But at this point in time, I would ask the Members to support the recommendations as presented in the proposed resolution. Thank you.

CHAIR WHITE: Thank you, Mr. Hokama.

Any further discussion, Members? Seeing none, all those in favor please signify by saying "aye".

AYES: COUNCILMEMBERS BAISA, COCHRAN, COUCH,
CRIVELLO, HOKAMA, VICTORINO, AND
CHAIR WHITE.

CHAIR WHITE: Those opposed say "no".

NOES: NONE.

EXCUSED: COUNCILMEMBER CARROLL AND VICE-CHAIR
GUZMAN.

CHAIR WHITE: Measure passes, seven "ayes", zero "noes", and two "excused"; Mr.'s Carroll and Guzman.

Mr. Clerk.

COUNTY CLERK: Mr. Chair, for the record RESOLUTION NO. 15-52.


Mr. Chair, there is no further business for the Council.

CHAIR WHITE: Thank you, Mr. Clerk.

With that Members, we will adjourn this meeting.

ADJOURNMENT

The public hearing of *APRIL 29, 2015*, was adjourned by the Chair on *MAY 15, 2015*, at 11:27 a.m.

A handwritten signature in black ink, reading "Dennis A. Mateo", is written over a horizontal line.

DENNIS A. MATEO, COUNTY CLERK
COUNTY OF MAUI, STATE OF HAWAII